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C O N F I D E N T I A L SECTION 01 OF 02 SHANGHAI 000461

SIPDIS

STATE FOR EAP/CM AND DRL
TREASURY FOR AMBASSADOR HOLMER
TREASURY FOR OASIA HAARSAGER, CUSHMAN, WINSHIP
NSC FOR LOI

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TAGS: [PGOV](#) [ECON](#) [EFIN](#) [CH](#)

SUBJECT: JIANGSU WELCOMES LAND REFORMS BUT PROGRESS ON GOVERNANCE
MORE CRITICAL

REF: A. (A) BEIJING 3933

[1](#)B. (B) 07 BEIJING 1672 AND PREVIOUS

[1](#)C. (C) SHANGHAI 444

[1](#)D. (D) SHANGHAI 427 AND PREVIOUS

CLASSIFIED BY: Christopher Beede, Political and Economic Section
Chief, U.S. Consulate General, Shanghai, China, Department of
State.

REASON: 1.4 (b), (d)

[1](#)1. (C) Summary. Farmers in Jiangsu Province welcomed the Central Government's policy announcements on land reform during the Third Plenum of the 17th CPC Central Committee (Ref A), but progress on local governance and evaluation of government officials will have a greater impact on the lives of the province's citizens in the long-run, said two well-known scholars in Nanjing, Jiangsu's provincial capital, on October [1](#)23. CPC Organizations Department Chairman and former Jiangsu Party Secretary Li Yuanchao advanced governance reform in the province (Ref B), and he would like to do the same in the Central Government, one scholar said. Recent local and national incidents have highlighted the importance of accountability at the local government level, they said, but there remains significant concern about corruption. The scholars said Hu Jintao's Scientific Development Concept is having an impact on local governance (see also Ref C), but one scholar is worried that the global financial crisis will cause governments at all levels to reemphasize economic growth over environmental protection and other social factors. End Summary.

Land Reform in Jiangsu Province

[1](#)2. (C) Jiangsu's farmers welcomed the Third Plenum's decision on land reform (Ref A), which essentially communicated to rural residents that the Central Government approves of ongoing informal land reform experiments in the countryside, said Gu Su, Professor of Philosophy and Law at Nanjing University. Gu agreed with contacts in Beijing (Ref A) and Hefei (Ref C) that the Plenum's decision was a compromise between the Party's liberal wing (jiefang pai) that favors more privatization of land and those who oppose privatization on ideological grounds.

Approving leaseholds for 70 years -- up from 30 years -- is akin to privatization during a farmer's lifespan, Gu said, but the measure obviously does not allow for inheritance by children, provide financial wherewithal for securing loans, or encourage farmers to invest in their land and focus on environmental protection.

13. (C) Hua Tao, Professor of History and Anthropology at the Nanjing-Hopkins Center for Chinese and American Studies, agreed with Gu, also citing the oft-heard refrain that the Central Government cannot afford to privatize land because the lack of an adequate social safety net in rural China leaves farmers' land as their only social security. The social safety net is so poor, Hua lamented, that even in relatively wealthy Jiangsu Province, each farmer receives only RMB 60 (less than USD 10) per year from the government for health insurance under the Rural Cooperative Medical System (RCMS). The government remains concerned, therefore, about the impact on social stability if farmers were able to sell their land and move to the cities without anything left for social security, Hua said.

Jiangsu's Governance Reforms

14. (C) Both Gu and Hua agreed, however, that progress in Jiangsu on local governance and evaluation of government officials will have a greater impact on the lives of the province's citizens in the long-run. Gu highlighted the provincial government's practice of holding public hearings during the application process for positions in the provincial government at the Bureau Chief (Tingzhang) or lower level. Applicants for a Bureau Chief position first are whittled down from approximately 20 candidates to five finalists based on basic qualifications, and

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then a debate between the finalists is televised, Gu explained. Public opinion is considered when selecting the final candidate, he said. The provincial government also has begun holding public hearings for lower level positions, Gu said.

15. (C) CPC Organizations Department Chairman and former Jiangsu Party Secretary Li Yuanchao advanced governance reform in the province by introducing the public hearings concept (Ref B), Gu said, and he would like to do the same in the Central Government. According to Gu, however, Li does not yet have Central Committee backing to introduce new reforms.

Local Government Accountability

16. (C) Gu Su and Hua Tao both said recent local and national incidents on environmental protection and food safety have highlighted the importance of accountability at the local government level. In Jiangsu's Wuxi, the high-profile water pollution case at Lake Tai has emphasized the importance of accountability on environmental protection issues, Gu said, noting that high-level Party officials instructed the new mayor of Wuxi (whose predecessor recently retired) to pay more attention to protecting Lake Tai. Hua Tao characterized the situation at Lake Tai as a "crisis" much like the recent nation-wide dairy scandal, adding that the public and media now expect government officials to be held accountable for such problems. Hua noted, however, that while the mayor of Shijiazhuang in Hebei Province was forced to resign because of his role in the dairy scandal (Ref D), no one has yet "taken the fall" in Wuxi for Lake Tai's problems.

17. (C) Unfortunately, corruption continues to derail local governance reform, Gu said, particularly in poorer areas. In northern Jiangsu Province (Subei), which is less developed than the southern part (Sunan), corruption is "everywhere," Gu stated.

Scientific Development in Jiangsu

¶8. (C) As in neighboring Anhui Province (Ref C), the scholars said Hu Jintao's Scientific Development Concept is having an impact on local governance. Hua Tao said local officials are beginning to pay more attention to sustainable development, for example, particularly environmental protection and energy conservation aspects. Hua said he is worried, however, that the global financial crisis will cause governments at all levels to reemphasize economic growth over environmental protection and other social factors. If annual GDP growth dips below 10 percent in Jiangsu Province, Hua said, he does not know how local cadres will react but expects that they will seek to boost economic growth again, possibly at the expense of the environment and sustainable development.

¶9. (C) Note: Speaking at the celebration ceremony of the 20th anniversary of Nanjing University's Sociology Department on October 24, Jiangsu Provincial Deputy Secretary General (Fumishuzhang) Wang Quan repeatedly stressed the importance of scientific development, encouraging social researchers in attendance to employ scientific development to solve social problems. End Note.

Comment: Politics is Local

¶10. (C) Contacts in Nanjing downplayed the importance of the Third Plenum, instead choosing to focus their discussions with Poloff on local governance reforms. While these contacts added to the sentiment supporting the influence of Hu Jintao's Scientific Development Concept on local officials in East China, they also stressed that policies and decisions at local levels still have far greater impact than commands from Beijing.
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